



NEWS RELEASE

## Cal Amp Reports Fiscal 2006 Third Quarter Results

1/5/2006

OXNARD, Calif., Jan 05, 2006 (BUSINESS WIRE) -- CalAmp Corp. (Nasdaq:CAMP):

-- Company Achieves 13% Revenue Growth and Earnings of \$0.23 Per Diluted Share

-- Operating Income Sets New Record

CalAmp Corp. (Nasdaq:CAMP), a leading provider of wireless products and engineering services, today reported results for its fiscal 2006 third quarter ended November 30, 2005, which included record operating income performance.

### Fiscal 2006 Third Quarter Results

Revenue in the latest quarter was \$64.5 million, a 13% increase compared to \$57.1 million for the third quarter of last year. The increase in revenue was driven by increased sales of DBS satellite products and 2-way wireless modules along with the inclusion of the Company's Machine-to-Machine (M2M) radio product line, which was acquired during the first quarter of fiscal 2006.

Operating income of \$8.9 million in the latest quarter is \$6 million higher than the third quarter of last year. Net income in the latest quarter was \$5.4 million or \$0.23 per diluted share. This compares favorably to net income of \$1.8 million or \$0.08 per diluted share for the third quarter of last year.

Gross profit for the third quarter of fiscal 2006 was \$16.5 million, or 25.5% of revenues compared to \$10.3 million or 18.0% of revenues for the same period last year. The increases in gross profit and gross margin were primarily the result of increased sales of higher margin products of the Products Division coupled with ongoing actions taken

to improve the financial performance of the Solutions Division.

"During the fiscal third quarter, our performance was exceptionally strong across the board and we met or exceeded the guidance we provided for our key financial metrics," commented Fred Sturm, CalAmp's President and Chief Executive Officer. "These results reflect the steady progress we are making in improving CalAmp's profitability. While the increase in revenue was primarily driven by strong demand for our DBS products with higher average selling prices, our efforts to diversify our customer base and develop new product offerings are also beginning to take hold as evidenced by improving revenue contributions from our M2M and other wireless products."

Mr. Sturm continued, "Our operating income of \$8.9 million in the latest quarter substantially surpassed the previous single quarter record of \$6.1 million established just one quarter ago, and our earnings per share of \$0.23 was better than expected. These achievements reflected increased gross profit contributed by our higher margin DBS, M2M and other wireless product offerings. We also benefited from improving operating efficiencies and focus on selling higher margin software products in our Solutions Division, where gross margins increased substantially from the same period last year. The Solutions Division continues to make good progress on the path to operating profitability."

#### Liquidity

At November 30, 2005, the Company had total cash of \$38.2 million, with \$8.4 million in total outstanding debt. During the first nine months of fiscal 2006 total cash and cash equivalents increased by \$7.2 million due primarily to \$14.4 million of cash provided from operating activities and \$1.3 million of proceeds from stock option exercises, partially offset by cash used for the M2M product line acquisition of \$4.9 million and debt reductions of \$2.2 million. Inventory was \$19.8 million at the end of the third quarter, representing annualized turns of about 9 times. Accounts receivable outstanding at the end of the third quarter represents a 47 day average collection period, which is within expectations.

#### Business Outlook

Commenting on the Company's fiscal 2006 fourth quarter outlook, Mr. Sturm said, "Based on our current projections, we estimate that fiscal 2006 fourth quarter revenues will be in the range of \$50 to \$58 million, and that earnings will be in the range of \$0.13 to \$0.18 per diluted share. The anticipated sequential decline in fourth quarter revenues is due primarily to the seasonality of DBS industry demand and the planned product transition by one of our DBS customers. We believe the underlying trends in the DBS industry remain very positive and that this does not represent a fundamental change in either the industry's long-term outlook or in our overall share of the DBS outdoor equipment market. We expect the increasing availability of HDTV programming and digital video recording technology will continue to require more advanced satellite TV reception products, which should be key

drivers of our DBS business going forward."

#### Conference Call and Webcast

A conference call and simultaneous webcast to discuss fiscal 2006 third quarter financial results and business outlook will be held today at 4:30 p.m. Eastern / 1:30 p.m. Pacific. The live webcast of the call is available on CalAmp's web site at [www.calamp.com](http://www.calamp.com). Participants are encouraged to visit the web site at least 15 minutes prior to the start of the call to register, download and install any necessary audio software.

CalAmp's President and CEO Fred Sturm and CFO Rick Vitelle will host the conference call. After the live webcast, a replay will remain available until the next quarterly conference call in the Investor Relations section of CalAmp's web site.

#### About CalAmp Corp.

CalAmp is a leading provider of wireless equipment, engineering services and software that enable anytime/anywhere access to critical information, data and entertainment content. With comprehensive capabilities ranging from product design and development through volume production, CalAmp delivers cost-effective high quality solutions to a broad array of customers and end markets. CalAmp is the leading supplier of Direct Broadcast Satellite (DBS) outdoor customer premise equipment to the U.S. satellite television market. The Company also provides wireless connectivity solutions for the telemetry and asset tracking markets, public safety communications, the healthcare industry and digital multimedia delivery applications. For additional information, please visit the Company's website at [www.calamp.com](http://www.calamp.com).

#### Forward-Looking Statement

Statements in this press release that are not historical in nature are forward-looking statements, which involve known and unknown risks and uncertainties. Words such as "may", "will", "expect", "intend", "plan", "believe", "seek", "could", "estimate", "judgment", "targeting", "should", and variations of these words and similar expressions, are intended to identify forward-looking statements. Actual results could differ materially from those implied by such forward-looking statements due to a variety of factors, including general and industry economic conditions, competition, development factors, operating costs, the Company's ability to eliminate operating losses in its Solutions Division and make this business segment profitable, and other risks and uncertainties that are detailed from time to time in the Company's filings with the Securities and Exchange Commission. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CAL AMP CORP.

CONSOLIDATED INCOME STATEMENTS

(Unaudited, in thousands except per share amounts)

	Three Months Ended		Nine Months Ended	
	November 30,		November 30,	
	2005	2004	2005	2004
Revenues	\$64,463	\$57,066	\$169,704	\$152,890
Cost of revenues	47,999	46,767	129,127	123,966
Gross profit	16,464	10,299	40,577	28,924
Research and development	2,585	2,315	7,142	6,190
Selling	1,914	1,847	5,582	4,651
General and administrative	2,679	2,786	7,900	8,410
Intangible asset amortization	403	486	1,375	1,207
In-process research and development	-	-	320	471
	7,581	7,434	22,319	20,929
Operating income	8,883	2,865	18,258	7,995
Non-operating income (expense), net	162	8	231	(131)
Income before income taxes	9,045	2,873	18,489	7,864
Income tax provision	(3,606)	(1,086)	(7,392)	(3,022)
Net income	\$5,439	\$1,787	\$11,097	\$4,842
Net income per share:				
Basic	\$0.24	\$0.08	\$0.49	\$0.23
Diluted	\$0.23	\$0.08	\$0.48	\$0.22

Shares used in per share calculations:

Basic	22,580	22,356	22,520	21,135
Diluted	23,592	23,113	23,272	21,891

Business Segment Information

Three Months Ended November 30,      Nine Months Ended November 30,

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 2005    2004    2005    2004  
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Revenue

Products Division	\$59,565	\$50,425	\$153,331	\$133,980
Solutions Division	4,898	6,641	16,373	18,910

Total revenue	\$64,463	\$57,066	\$169,704	\$152,890
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Gross profit

Products Division	\$14,441	\$8,737	\$34,975	\$24,506
Solutions Division	2,023	1,562	5,602	4,418

Total gross profit	\$16,464	\$10,299	\$40,577	\$28,924
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Operating income (loss)

Products Division	\$10,406	\$6,191	\$23,453	\$16,861
Solutions Division	(373)	(2,379)	(2,029)	(5,971)
Corporate expenses	(1,150)	(947)	(3,166)	(2,895)

Total operating income	\$8,883	\$2,865	\$18,258	\$7,995
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CAL AMP CORP.  
 CONSOLIDATED BALANCE SHEETS  
 (Unaudited - In thousands)

November    February  
 30,        28,  
 2005      2005  
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Assets

Current assets:

Cash and cash equivalents	\$38,205	\$31,048
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Accounts receivable, net	36,164	27,027
Inventories	19,806	21,465
Deferred income tax assets	3,225	6,118
Prepaid expenses and other current assets	2,227	2,876

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Total current assets	99,627	88,534
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Equipment and improvements, net	5,383	5,383
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Deferred income tax assets	2,747	5,285
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Goodwill	92,605	92,834
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Other intangible assets, net	5,807	4,028
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Other assets	473	691
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	\$206,642	\$196,755
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#### Liabilities and Stockholders' Equity

##### Current liabilities:

Current portion of long-term debt	\$2,425	\$2,897
Accounts payable	16,720	18,389
Accrued payroll and employee benefits	3,623	3,652
Other accrued liabilities	4,366	3,127
Deferred revenue	1,297	1,597

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Total current liabilities	28,431	29,662
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Long-term debt, less current portion	5,964	7,679
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Other non-current liabilities	1,091	1,126
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##### Stockholders' equity:

Common stock	230	227
Additional paid-in capital	133,536	131,784
Common stock held in escrow	(2,532)	(2,548)
Retained earnings	40,723	29,626
Accumulated other comprehensive loss	(801)	(801)

Total stockholders' equity	171,156	158,288
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	\$206,642	\$196,755
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CAL AMP CORP.  
CONSOLIDATED CASH FLOW STATEMENTS  
(Unaudited - In thousands)

Nine Months Ended  
November 30,

	2005	2004
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Cash flows from operating activities:

Net income	\$11,097	\$4,842
Depreciation and amortization	3,305	3,218
Write-off of in-process R&D	320	471
Equipment impairment writedowns	-	241
Tax benefit of option exercises	678	224
Deferred tax assets, net	5,432	2,609
Changes in operating working capital	(6,486)	(3,375)
Other	16	(128)

Net cash provided by operating activities	14,362	8,102
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Cash flows from investing activities:

Capital expenditures	(1,555)	(1,970)
Proceeds from sale of assets	143	835
Acquisition of Skybility business	(4,897)	-
Acquisition of Vytex Corp., net of cash acquired	-	(1,727)

Net cash used in investing activities	(6,309)	(2,862)
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Cash flows from financing activities:

Debt repayments, net of borrowings	(2,178)	(2,300)
Proceeds from stock option exercises	1,282	703

Net cash used in financing activities	(896)	(1,597)
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Net change in cash and cash equivalents	7,157	3,643
Cash and cash equivalents at beginning of period	31,048	22,885
Cash and cash equivalents at end of period	\$38,205	\$26,528
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SOURCE: CalAmp Corp.

CalAmp Corp.

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